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SENIOR DEMOCRATIC WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-2103

<http://www.mcgovern.house.gov>

May 9, 2011

The Honorable Joe Biden
Vice President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Vice President Biden,

The American economy, while slowly improving, continues to struggle and policymakers are working on fiscal policy that will, hopefully, result in a responsible path to lower deficits and long-term sustainable safety-net entitlement programs. I commend you for leading President Obama's Deficit Task Force and I am encouraged that participants from both parties in the House and Senate will participate.

As you know, the deficit is a difficult problem to solve and there are political minefields spread throughout this topic. As you continue to work through this issue with the bipartisan representatives from the House and Senate, I believe it is important to ensure that Social Security and Medicare are not radically changed. Promises were made to the American people that Medicare and Social Security would be there for retirees and I, for one, believe we must not break those promises. Vouchers and privatization should not be options and should be off the table from the very beginning. I also believe we must revisit the tax code in a more equitable way. Ending the Bush Tax cuts for millionaires is a start, and I encourage you to include an equitable, fair update to the current tax code for individuals, families and businesses.

One issue that should not be on the table is any cut to the Supplemental Nutrition Assistance Program, or SNAP. While SNAP is indeed an entitlement program, it is different from other entitlement programs like Social Security and Medicare. SNAP is a program that is designed to be used when times are difficult and people have trouble putting food on their tables while Social Security and Medicare are retirement security programs that are guaranteed to all retirees that contribute into these programs. SNAP is a program where participation expands when times are tough and contracts when the economy improves while Medicare and Social Security grow based on the number of retirees. Improvements in healthcare made under the Affordable Care Act will help constrain the costs of healthcare and will help ensure the solvency of Medicare. When combined with equitable tax reform and an improving economy, both Social Security and Medicare will be in a better place than they are today and I am confident these programs will be solvent for future generations. Major changes to Social Security and Medicare should not be necessary for the long-term solvency of either of these programs.

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As you work on an agreement to reduce the deficit and balance the budget, cuts to SNAP should not be part of the discussion to reduce the deficit and balance the budget. The fiscal challenges facing our nation are difficult and we need to focus on long-term solutions to reducing the nation's deficit. Cutting SNAP, whether for deficit reduction or for other reasons, is not only bad policy, it is harmful to our economy and to those who rely on SNAP for assistance with feeding their families during difficult economic times. Deficit reduction should not result in increased hunger and poverty and I believe that any proposal to reduce the deficit and balance the budget should incorporate the basic principle of improving our budget outlook while protecting our most vulnerable citizens from harm.

SNAP is a safety-net program that allows low-income individuals and families to purchase food for themselves and their families. As a true safety-net program, SNAP literally has saved millions of lives over the life of the program. Like other farm programs, including the Title I programs, SNAP is counter-cyclical. This means that SNAP usage increases during times of need. In other words, SNAP usage increases when wages fall or unemployment rises and it decreases when wages rise and unemployment falls.

The increase in the number of SNAP beneficiaries over the past ten years means there has been an increase in SNAP spending over that period. SNAP usage nearly tripled from 2001 to 2010. Specifically, 27 million more people relied on SNAP in 2010 than in 2001. Put another way, the increase in number of people relying on SNAP over that ten year period was more than the number of people using SNAP in 2001 alone. However, we know that an improving economy will result in reduced unemployment and increased wages, leading to a reduction in SNAP participation. The Congressional Budget Office (CBO) projects that unemployment will continue to fall, reaching 5.4% in 2016. Further CBO projections show that, with a 5.4% unemployment rate, SNAP enrollment will drop from 44 million people now to 40 million individuals in 2016 and, by 2021, will drop by another almost 10 million people to 30.5 million. If the economy rebounds faster than CBO projections, the counter-cyclical design of SNAP will result in a faster reduction of SNAP enrollments.

Unfortunately, the economy has not yet fully recovered from the recent downturn and millions of individuals and families continue to struggle, often with hunger and poverty. According to the Census Bureau, 43.6 million people lived in poverty in 2009, an increase of 3.7 million over 2008. Most experts expect that poverty figures will be even higher for 2010 and may take several years to improve given the sustained high rates of unemployment.

Despite these increases in poverty, we did not experience similar rises in hunger and food insecurity from 2008 to 2009. While overall hunger has been at unacceptable levels for far too long, we attribute the stable rates of food insecurity during a period of rising poverty to the important investments made through ARRA in SNAP and other programs. Those critical investments helped to buffer some of the negative impacts of the recession. The SNAP provisions under ARRA provided a boost of 13.6% in the maximum SNAP benefit. As a result, individuals on the program received about \$20 more per month in 2009 as a result of the increase provided in ARRA. This means families who were struggling with losing their jobs or saw their incomes reduced through no fault of their own had a little more money for groceries because of ARRA. In addition, these provisions were among the most, if not the most, effective forms of

stimulus included in ARRA. Approximately 80 percent of SNAP benefits are used within two weeks of receipt and 97% are spent within a month. Economist Mark Zandi, an advisor to Senator John McCain's presidential campaign, said that an increase of one dollar in SNAP results in \$1.86 in economic activity.

The temporary improvements enacted under ARRA will be terminated on November 1, 2013 because of provisions included in P.L. 111-226 and P.L. 111-296. This termination means that, according to the CBO baseline, a family of four will see their monthly SNAP allotment reduced by \$86 on November 1, 2013 simply because these ARRA funds were arbitrarily terminated. Such an arbitrary and abrupt reduction in the monthly allotment, especially when combined with rising food prices, means families will struggle with their food budgets and may be forced to eat less nutritious food, eat less food overall, and in some cases go without food altogether. Any further reductions in the remaining ARRA funds allocated to SNAP will exacerbate the challenges low-income families will face with the upcoming November 1, 2013 reduction in the SNAP allotment.

In addition to the temporary investments made in SNAP through ARRA, important improvements to SNAP were made in the 2008 farm bill. The farm bill included \$2.3 billion over five years in improvements to SNAP, primarily aimed at partially restoring benefit cuts enacted in 1996, as well as improving the program for seniors and working families. It is important, however to assess these investments in context. The important improvements made in the program came after the deep and devastating benefit cuts enacted in 1996.

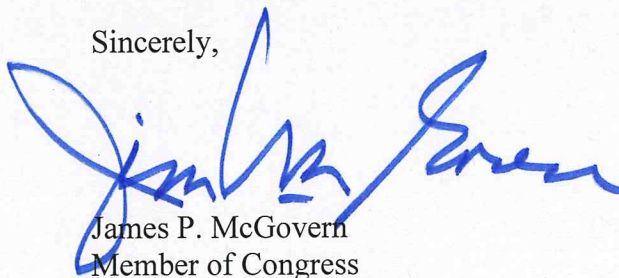
Even with the investments in SNAP from the 2008 farm bill, household benefits for a typical family once the temporary ARRA increase has expired will be lower than they would have been had the 1996 cuts not been enacted. Given the extraordinary need in our country and the incredible success of the SNAP program, SNAP should not be singled out for cuts, whether for deficit reduction or for other purposes.

It is also important to note that SNAP is one of the most efficiently run programs in the federal government. The Government Accountability Office (GAO) has found that the national payment error rate reported for SNAP – a combination of states' overpayments and underpayments – is at a record low of 4.36%. This is a 56% decline over the ten-year period of 1999 to 2009. It is unquestionable that SNAP is more efficient and better run than at any other time in the history of the program. We recognize the need for further improvement and we look forward to working within the Committee on Agriculture's structure toward continued improvement in SNAP oversight and a further reduction in national payment error rates. We would like to see a further reduction in the national rate of food stamp trafficking, which has declined from 3.8 cents per dollar in 1993 to 1 cent per dollar during the years 2002 to 2005, and we look forward to working with both USDA and the Committee on Agriculture to further reduce both the national payment error rate and the national rate of food stamp trafficking.

Again, I recognize the need to focus on reducing the deficit and I commend you for leading this effort. I hope you will focus on the need to get wasteful spending under control, making the tax code more equitable and putting Social Security and Medicare on sure footing for generations to come. I also hope and respectfully encourage you to take any potential cuts to

SNAP off the table. I am confident that your efforts will be successful if all parties decide to fully participate and not use this as an exercise to score cheap political points and I look forward to working with you and my colleagues in the House and Senate on this important endeavor.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim McGovern", is written over the printed name and title.

James P. McGovern
Member of Congress

cc: The Honorable Daniel K. Inouye
The Honorable Max Baucus
The Honorable Jon Kyl
The Honorable Eric I. Cantor
The Honorable James E. Clyburn
The Honorable Chris Van Hollen